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Grain and Feed

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Report Highlights:

Russian total grain output is estimated at 77.3 million metric tons (mmt), including 47.5 mmt of wheat and 16.3 mmt of barley. Exports slowed in September because of domestic and international price uncertainty, but Russia exported an historic high amount of grain in July and August of 2.6 mmt, including 2.1 mmt of wheat. Grain interventions are underway, but procurements are not big, as farmers are waiting for better market prices. High fuel prices and dry weather made winter grain sowing conditions worse than last year.

Includes PSD Changes: Yes
Includes Trade Matrix: No
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Executive Summary

Russia's total grain production estimate is 77.3 million metric tons. Wheat production is estimated at 47.5 mmt, and barley at 16.3 mmt. According to experts, grain exports in July – August reached 2.6 mmt, including 2.1 mmt of wheat and almost 0.5 mmt of barley. In September, exports slowed down due to price and market uncertainty. The total grain export forecast is 11.15 mmt, including 10.0 mmt of wheat. Grain interventions are underway, but procurements are not big, farmers are waiting for better market prices, and their hesitation is stimulated by still-absent grain quality certificates that are required by law for final registration of purchases. The rise in fuel prices and dry September weather in most of grain producing regions of Russia have created worse conditions than during the last two years for winter grain sowing.

Production

The total grain production forecast is 77.3 mmt clean weight, including 47.5 mmt of wheat and 16.3 mmt of barley. Growing conditions for corn are very favorable this year, and experts estimate that area sown to corn in the Southern Federal District and in the south of Central Federal District are bigger than last year. Thus, the corn production forecast is raised to 3.1 mmt, closer to last year's record level of production.

Harvest Progress

The Russian Ministry of Agriculture reported that as of September 26, farmers harvested 78.3 mmt of grain, bunker weight basis, (Table 1), including 46.0 mmt of wheat. The MinAg reported that out of 44.4 million hectares previously estimated as the harvested area, only 43.3 million hectares will actually be harvested. The remaining 1.1 million hectares were either damaged or used as pastures. Last year the grain harvest area was 41.5 million hectares. However, according to the Ministry of Agriculture, the country's average grain yield will be lower this year than last year, and total grain output will not be higher than last year.

	Share of Actually Harvested Area, Percent	Harvested Crop (bunker weight), 1.0 Million MT
Russia, Total	90	78.3
Including:		
Central Federal District	97	15.9
Southern Federal District	92	25.5
Volga Valley Federal District	98	20.9
Ural Federal District	82.5	4.4
Siberian Federal District	77	10.6

Source: Russian Ministry of Agriculture

The Ministry of Agriculture reports that 700,000 metric tons of corn for grain have been harvested on 153,000 hectares, or 17.5 percent of expected corn for grain harvested area. Yields of corn are higher this year than last year. Experts forecast that corn production may reach last year's record level. However, corn harvesting is still just beginning, and a lot will depend on weather in October.

Winter Sowing

According to the Ministry of Agriculture, winter grain sowing is lagging behind last year because of dry weather and low soil moisture in Southern Russia. By September 26, area

sown to winter crops was 0.7 million hectares less than last year on the same date. Late sowing and increased fuel prices may have a negative effect on next year's crop. However, the threat of decreased crop in 2006 may stimulate farmers to save more grain on farm, and may finally lead to lower offer of grain in the fall 2005. Increased fuel prices, along with stagnant or decreasing grain prices, deprive farmers of incentives to harvest grain when expected yields do not cover expenses. This factor may result in a smaller grain crop than previously expected.

Trade

The total grain export forecast is raised to 11.15 mmt, including 10.0 mmt of wheat. Attractive international barley prices may stimulate exports of barley from Russia, and in spite of one of the smallest barley crops in recent history, Russian grain traders may export up to 1.0 mmt of barley in the coming year. Some exports of corn and rye to CIS countries will make up the difference.

According to experts, actual exports of grain in July-August 2005 reached 2.6 mmt, including 2.1 mmt of wheat and 0.47 mmt of barley.

Imports of grain other than rice are low, and had not yet reached 100,000 metric tons in July - August 2005. Imports of rice continue at almost the same pace as last year, and in January - July 2005 amounted to 545,000 metric tons.

Policy and Marketing

The Russian Government started grain procurement interventions in the end of August, and by the end of September had purchased 530,000 metric tons of wheat for the intervention fund, spending for these purchases slightly more than 1.0 billion rubles out of 6 billion rubles allocated for grain interventions this marketing year.

In the middle of September, Minister of Agriculture Aleksey Gordeyev set prices for class 4 wheat (milling/feed quality) at 2,450 Rubles (\$86) per metric ton in European Russia, and 2,600 Rubles (\$91) per metric ton in the Urals and Siberia. However, sales of class 4 wheat to the intervention fund are very low.

The rye procurement price ceiling is set at 2,500 Rubles (\$88) per metric ton.

According to experts, interventions play a greater role in curbing grain prices from plummeting rather than actually withdrawing grain from the market. Besides, registration of procured grain in the state reserve, as well as actual payments to grain sellers for their grain, are constrained by still-absent grain quality certificates and some other documents of the Veterinary and Phytosanitary Surveillance Service (VPSS). The VPSS now has authority to issue these certificates (see GAIN Report RS5065 *Grain Certification News*), but has not developed the format of these documents yet.

PSD Tables

Wheat

Table 2. PSD, Wheat, 1,000 Metric Tons, 1,000 Hectares

PSD Table						
Country	Russian Federation					
Commodity	Wheat				(1000 HA) (1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	22150	22150	24200	24200	25500	25500
Beginning Stocks	6133	6133	2645	2645	3794	3775
Production	34100	34100	45300	45300	48500	47500
TOTAL Mkt. Yr. Imports	1026	1026	1200	1150	1200	1200
Jul-Jun Imports	1026	1026	1200	1150	1200	1200
Jul-Jun Import U.S.	14	14	0	0	0	0
TOTAL SUPPLY	41259	41259	49145	49095	53494	52475
TOTAL Mkt. Yr. Exports	3114	3114	7951	7920	10000	10000
Jul-Jun Exports	3114	3114	7951	7920	10000	10000
Feed Dom. Consumption	12500	12500	13600	13600	15500	14500
TOTAL Dom. Consumption	35500	35500	37400	37400	39000	38500
Ending Stocks	2645	2645	3794	3775	4494	3975
TOTAL DISTRIBUTION	41259	41259	49145	49095	53494	52475

Barley

Table 3. PSD, Barley, 1,000 Metric Tons, 1,000 Hectares

PSD Table						
Country	Russian Federation					
Commodity	Barley				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		07/2003		07/2004		07/2005
Area Harvested	10500	10500	10000	10000	9300	9280
Beginning Stocks	4706	4706	2227	2227	2238	2243
Production	18000	18000	17200	17200	16000	16300
TOTAL Mkt. Yr. Imports	439	439	400	335	400	350
Oct-Sep Imports	438	475	400	335	400	350
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	23145	23145	19827	19762	18638	18893
TOTAL Mkt. Yr. Exports	2318	2318	1089	1089	800	1000
Oct-Sep Exports	1736	1736	1000	1000	800	1000
Feed Dom. Consumption	13700	13700	11700	11630	11500	11600
TOTAL Dom. Consumption	18600	18600	16500	16430	16300	16400
Ending Stocks	2227	2227	2238	2243	1538	1493
TOTAL DISTRIBUTION	23145	23145	19827	19762	18638	18893

Corn

Table 4. PSD, Corn, 1,000 Metric Tons, 1,000 Hectares

PSD Table						
Country	Russian Federation					
Commodity	Corn				(1000 HA)(1000 MT)	
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin		10/2003		10/2004		10/2005
Area Harvested	700	700	900	900	800	950
Beginning Stocks	113	113	159	159	259	259
Production	2100	2100	3450	3450	2500	3100
TOTAL Mkt. Yr. Imports	496	496	200	300	200	350
Oct-Sep Imports	496	496	200	300	200	350
Oct-Sep Import U.S.	70	60	0	0	0	0
TOTAL SUPPLY	2709	2709	3809	3909	2959	3709
TOTAL Mkt. Yr. Exports	0	0	0	50	0	50
Oct-Sep Exports	0	0	0	50	0	50
Feed Dom. Consumption	2150	2150	3000	3000	2100	2900
TOTAL Dom. Consumption	2550	2550	3550	3600	2600	3450
Ending Stocks	159	159	259	259	359	209
TOTAL DISTRIBUTION	2709	2709	3809	3909	2959	3709